

exchange for our produce and assets. On paper, therefore, our position as a creditor country is only impaired by our sales of securities. But that is only so on paper. In fact, the loans that we have raised abroad are good debts that have to be met to the last penny, and are a first charge on our future output, but the advances that we have made to our Allies, much harder hit than we are by the war, are assets on which we cannot depend. They were taken in our balance-sheet above at half their face value, but there is much to be said for writing them off altogether and tearing up the I.O.U/s of our foreign brothers-in-arms. Their need is greater than ours, it would be little satisfaction to receive interest and repayment from them, and the payment due from them, involving difficult problems of taxation for them, would not help the good relations with them which, we hope, may be a lasting effect of the war. And such an act of renunciation on our part would do something towards a restoration of the spirit with which we entered on war, a spirit which has been seriously demoralised during its course, largely owing to the results of our faulty finance, which encouraged profiteering in all classes. In any case, there is our position. We have a big debt to meet at home and abroad, and we are weakened on capital account by foreign indebtedness, wear and tear of plant and

diminution of stocks  
and materials. Wear and tear and  
depletion we  
can soon make good if we set to work and  
work hard,  
if our bureaucracy takes away the  
fetters of its  
restrictions and controls (instead of  
making further